

**PROPERTY TAX EXEMPTION FOR WATER  
FACILITIES**

2010 GENERAL SESSION

STATE OF UTAH

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**LONG TITLE**

**General Description:**

This bill modifies Revenue and Taxation provisions relating to property tax exemptions.

**Highlighted Provisions:**

This bill:

- modifies a property tax exemption for facilities that generate and distribute electrical power used to pump water to irrigate land;
- expands that exemption to apply to facilities that generate and distribute electrical power to provide domestic water or to provide water to a public water supplier;
- repeals and reenacts a property tax exemption for certain property used for irrigating land, modifies the exemption, and expands it so that it applies also to specified water facilities used to provide domestic water or to provide water to a public water supplier; and
- makes technical changes.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a contingent effective date of January 1, 2011.

**Utah Code Sections Affected:**

AMENDS:

**59-2-1110**, as repealed and reenacted by Laws of Utah 1988, Chapter 3

REPEALS AND REENACTS:

**59-2-1111**, as repealed and reenacted by Laws of Utah 1988, Chapter 3

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*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **59-2-1110** is amended to read:

**59-2-1110. Exemption of property used to furnish power for certain water uses --**

**Computation of power used for those water uses.**

(1) As used in this section, "for an exempt use" means to irrigate land, provide domestic water, or provide water to a public water supplier.

~~[(1)]~~ (2) Power plants, ~~[power]~~ electrical transmission lines, and other property used ~~[for generating and delivering]~~ to generate and deliver electrical power, ~~[a portion]~~ some or all of which is used ~~[for furnishing power for pumping water for irrigation purposes on lands in this state]~~ in the state for an exempt use, are exempt from taxation, subject to the conditions of this section.

~~[(2)]~~ (3) For purposes of the exemption under Subsection ~~[(1)]~~ (2), the commission shall determine:

(a) the total amount of electric power distributed by each distributor for all purposes within this state; and

(b) the total amount of electric power distributed by each distributor ~~[which was used]~~ exclusively for ~~[pumping water for the irrigation of lands within this state]~~ an exempt use.

~~[(3)]~~ (4) The commission shall exempt from the total property assessment on all properties assessed within this state used for generating and distributing electrical power, ~~[that the portion [which] that the total amount of electric power used exclusively for [pumping water for irrigation purposes] an exempt use bears to the total amount of electric power distributed within [this] the state.~~

~~[(4)]~~ (5) The total amount of tax exempted shall be prorated among the distributors. The distributors shall prorate the benefits among the users according to the amount of power used for ~~[pumping water for irrigation purposes]~~ an exempt use by each user.

(5) The commission may adopt and enforce all rules necessary to determine the exemption and prorate the benefits provided in this section.

Section 2. Section **59-2-1111** is repealed and reenacted to read:

**59-2-1111. Exemption of property used to irrigate land or provide water.**

(1) As used in this section and Section 59-2-1110, and for purposes of Article XIII, Sec. 3 of the Utah Constitution, "domestic water" means water used for a residential or commercial application, including the outdoor watering of vegetation.

63           (2) To the extent used within the state to irrigate land, provide domestic water, or  
64   provide water to a public water supplier, the following are exempt from taxation:

65           (a) water rights; and

66           (b) reservoirs, pumping plants, ditches, canals, pipes, flumes, and other water  
67   infrastructure, including any perimeter or corridor reasonably necessary to support the  
68   operation of those reservoirs, pumping plants, ditches, canals, pipes, flumes, or other water  
69   infrastructure.

70           Section 3. **Effective date.**

71           This bill takes effect January 1, 2011 if the amendment to the Utah Constitution  
72   proposed by H.J.R. \_\_\_\_\_, Joint Resolution on Property Tax Exemption for Water Facilities,  
73   2010 General Session, passes the Legislature and is approved by a majority of those voting on  
74   it at the regular general election held in 2010.